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Viewing cable 09CARACAS103, ECONOMIC TIES WITH IRAN GROWING SLOWLY

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#09CARACAS103**.

Reference ID	Created	Released	Classification	Origin
09CARACAS103	2009-01-26 21:44	2011-08-30 01:44	CONFIDENTIAL	Embassy Caracas

Appears in these articles:

<http://www.semana.com/mundo/wikileaks-venezuela-misterioso-vinculo-entre-caracas-teheran/158978-3.aspx>

VZCZCXR05439
PP RUEHAO RUEHCD RUEHGA RUEHGD RUEHHA RUEHHO RUEHMC RUEHMT RUEHNG
RUEHNL RUEHQL RUEHRD RUEHRC RUEHRS RUEHTM RUEHVC
DE RUEHCV #0103/01 0262144
ZNY CCCCC ZZH
P 262144Z JAN 09
FM AMEMBASSY CARACAS
TO RUEHC/SECSTATE WASHDC PRIORITY 2486
INFO RUEHWH/WESTERN HEMISPHERIC AFFAIRS DIPL POSTS
RHEHNSC/NSC WASHDC
RUMIAAA/HQ USSOUTHCOM MIAMI FL
RUCPDOC/DEPT OF COMMERCE
RUEATRS/DEPT OF TREASURY

C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 000103

SIPDIS

E.O. 12958: DECL: 01/26/2019
TAGS: [ECON](#) [EFIN](#) [PREL](#) [EINV](#) [PGOV](#) [VE](#)
SUBJECT: ECONOMIC TIES WITH IRAN GROWING SLOWLY

Classified By: Economic Counselor Darnall Steuart for reasons
1.4 (b) and (d).

[¶1. \(C\) Summary.](#) Emboffs met with a local businessman to

discuss his possible involvement in the establishment of a Venezuelan-Iranian Chamber of Commerce. In the private sector, expatriate Iranians cautiously build enterprises within Venezuela, ever wary of the political and economic pitfalls of doing business in Venezuela. Private sector Iranians seek concrete guarantees from the Government of the Bolivarian Republic of Venezuela (GBRV) to secure their investments within country. High-level activities, including planning meetings and the signing of cooperation agreements between the governments of Iran and Venezuela continued in ¶2008. Despite little concrete progress on previously announced joint ventures, Venezuela and Iran announced the creation of the Banco Binacional Irani-Venezolano, funded with initial capital of 1.2 billion USD. End Summary.

FORMATION OF VENEZUELAN-IRAN CHAMBER OF COMMERCE?

¶2. (C) On January 13, Emboffs met with XXXXXXXXXXXX, at the request of a long-standing Embassy contact. XXXXXXXXXXXX sought the meeting as he had recently been asked by the Government of Iran (GOI) to participate in the establishment of a proposed Venezuelan-Iranian Chamber of Commerce. The Chamber will draw members from the local business community and seeks to strengthen private sector ties between Venezuela and Iran. XXXXXXXXXXXX explained that the position with the proposed new Chamber was strictly ceremonial, but he said he rather not be involved for fear that such involvement would jeopardize his future ability to do business with US entities or persons.

¶3. (C) XXXXXXXXXXXX explained that his main contact within the Iranian business community is an Iranian expatriate businessman, who has lived for the last 20 years in exile in Panama. He said that his contact refuses to visit the Iranian Embassy in Caracas and solely does business with the private sector. XXXXXXXXXXXX added that many private sector Iranians are cautious about business dealings in Venezuela due to the lack of transparency and questionable application of property rights. He said they are also unimpressed by their prospective partners' work ethic and efficiency. Iranians, as other international businesspeople, are seeking guarantees for their investments. He viewed the current private sector activity as opportunism by private sector Iranians, rather than a concerted effort by the GOI to bolster economic and commercial ties between the two countries.

2008: COOPERATION ADVANCES ON PAPER ONLY

¶4. (SBU) The GBRV and GOI signed, in 2008, a myriad of agreements, creating joint enterprises in areas as diverse as education, energy, finance, housing and agriculture. The most significant entity announced was the establishment of a binational bank, the Banco Binacional Irani-Venezolano. The announcement, published in the Venezuelan official gazette on May 19, stated the bank was to be headquartered in Tehran, with initial funding of 1.2 billion USD (600 million USD from each country.) At the same time, the GBRV announced the formation of a binational fund (Fondo Unico Binacional) by the GOI and the GBRV. This fund, to be headquartered in Caracas, was to be capitalized with 1 million USD, with each country contributing 50 percent. Both the bank and the fund were to finance vaguely defined "bilateral projects and programs." In November, during the signing of an additional 190 joint cooperation agreements, the countries again announced the formation of both the bank and fund. Since these announcements, the local press has been silent on each entity and there have been no reports that either side has fully funded their contributions. In addition, the GBRV's news agency has failed to provide any information regarding the workings of the organizations or their accomplishments.

COMMENT

¶5. (C) The inability of Iran and Venezuela to effectively implement cooperation agreements is a further indication of the difficulties in getting things done in Venezuela even in areas where political will exists. As oil revenues dry up, Post predicts less GBRV funding for ambitious development projects, such as those mentioned above, that have little impact on the average Venezuelan. Reports of the reluctance of Iranian businesspersons to engage in commercial enterprises in Venezuela without ironclad guarantees of investment protection, despite the close ties of the two governments, is not surprising given Chavez's history of expropriations.

CAULFIELD